

EXHIBIT I

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our Subscriber Agreement and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com.

<https://www.wsj.com/business/energy-oil/the-u-s-gas-startup-at-the-center-of-an-epic-feud-with-global-energy-giants-a59a1b39>

The U.S. Gas Startup at the Center of an Epic Feud With Global Energy Giants

Venture Global is becoming one of the world's biggest natural-gas exporters. Shell, BP and others say it got there by reneging on their contracts.

By *Benoît Morenne* [Follow](#) and *Jenny Strasburg* [Follow](#) | Photographs by *Camille Farrah Lenain* for *The Wall Street Journal*

Updated Dec. 6, 2023 12:10 am ET

PLAQUEMINES PARISH, La.— Michael Sabel and his partner, both industry novices, have made a fortune virtually overnight by building from scratch one of the world's largest gas exporters. They have also made some powerful enemies.

Here at this sprawling facility spanning about 630 acres in the wetlands outside New Orleans, Sabel said his company, Venture Global LNG, is on pace to leapfrog competitors and to rival Qatar as one of the world's top exporters of liquefied natural gas by 2030.

But he must navigate a nasty feud with some of the industry's biggest names.

Venture Global's earliest customers, including the oil giants BP **BP 2.03% ▲** and Shell **SHEL 0.16% ▲**, say the upstart company is ripping them off. In the process, they argue, Venture Global risks undermining the U.S. LNG industry's reputation as a reliable contributor to the world's energy supply.

"The incumbents, if they can't compete, say, 'We have to stop them,'" said Sabel, the 56-year-old chief executive officer of Venture Global, adding that he isn't losing sleep over the criticism. "We are so busy executing, and winning, and being successful."

The quarrel has become the industry's ugliest in years and centers on a core question: Who has rights to Venture Global's supercooled liquid gas?

That prize is worth billions of dollars in sales, much of that to Europe, which depends largely on U.S. gas to fill the void left after Russian exports halted following the invasion of Ukraine.



CEO Michael Sabel says Venture Global is on pace to rival Qatar as one of the world’s top exporters of LNG.

BP and Shell argue that under the long-term contracts they signed over the past decade with Venture Global, they should have begun receiving LNG cargoes months ago, which they could sell through their vast trading arms. Instead, when the Ukraine war broke out, and LNG prices soared, Venture Global sold its gas at higher prices on the spot market—raking in more than \$14 billion in sales.

“It’s very unusual, and it’s very disappointing,” Shell CEO Wael Sawan said in a November interview. “This is, of course, a project that was underpinned by the offtake agreements that companies like ours provided.”

Venture Global counters that the contracts require it to deliver LNG to those early customers only when its first plant in Louisiana, called Calcasieu Pass, is finished. And it says even

though the plant has shipped more than 200 cargoes, it isn't technically complete. Twenty-one months after Venture Global's first overseas shipment, BP, Shell and other early buyers are still waiting, and seething.

"We're totally confident that we're doing absolutely the right thing," said Sabel, wearing work boots inside Venture Global's new project, known as Plaquemines.

Sabel and his partner are majority owners of the privately held company, which JPMorgan Chase credit analysts in July estimated was worth around \$90 billion at the time.

Plaquemines will be about twice the size of Calcasieu Pass, whose profits helped pave the way for grander, more rapid development. An army of about 6,000 people is working to assemble the \$21 billion facility.

BP, Shell and Italy's Edison are pursuing billions of dollars collectively from Venture Global through arbitration, according to people familiar with the situation. Such a dispute is typically litigated in front of an arbitration tribunal composed of lawyers, a process that can go on for a year or more.



A structure about to be moved to Venture Global's Plaquemines terminal under construction in Louisiana.

Venture Global's bet

Venture Global became a juggernaut by capitalizing on abundant, inexpensive U.S. gas unleashed by frackers and betting that it could build a giant refrigeration plant to cool the gas into LNG cheaper and faster than competitors. To lure big-name buyers, the largely unknown outfit pitched bargain-basement contracts—and signed deal after deal.

In late 2022, Venture Global estimated that its early buyers would start to receive steady flows of LNG in the third quarter of 2023. Customers typically start receiving cargoes a few months after an export terminal starts large-scale LNG production.

In June, Venture Global said it might not be able to start delivering gas to long-term customers, including BP and Shell, until late 2024, blaming technical issues at Calcasieu Pass affecting its massive power system. But it was still able to produce and sell LNG.

BP, Shell and Edison, in letters sent to U.S. and European officials in November and in comments to The Wall Street Journal, accused Venture Global of wartime profiteering and reneging on contracts that underpin the U.S. LNG market.

BP said it started arbitration proceedings against Venture Global a year ago. Through a spokesman, BP described the company's actions as "a willful breach of our contract." A Shell spokesman said Venture Global "is clearly capable of fulfilling its contractual commitments; they simply choose not to."

Venture Global said it is being bullied and is complying with contracts while helping supply affordable energy to the world.

By the end of 2024, Venture Global will have made more than \$17.5 billion in revenue from its LNG sales, compared with \$2.8 billion had it declared commercial operations earlier, according to an October report from the energy consulting firm Wood Mackenzie.

Sabel said that long-term customers will get their LNG in due course and that all of the hubbub eventually will pass.



A structure is moved across a bridge by remote control before installation at the Plaquemines facility.

The startup's rise

Venture Global's ascension was hard to imagine a few years ago as Sabel and his partner stalked the halls of energy conferences promising gas cargoes faster and cheaper than competitors.

Around 2009, Sabel, a former investment banker, started looking into building re-gasification terminals abroad. While walking his chocolate Labrador, Zeus, near his home in Washington, D.C., he discussed his plans with a neighbor, who later introduced him to Robert Pender, then co-head of the law firm Hogan Lovells's global energy team.

Pender, 70, soon retired from Hogan and teamed up with Sabel. After initially looking for ways to export small loads of LNG to nations such as Haiti, they decided to pivot. They would stick

to the U.S., and combine prefabricated, midsize LNG units into a big, new export terminal.

They predicted the process would be faster and cheaper than how most competitors operated, typically constructing massive bespoke facilities on-site.

In 2013, they founded Venture Global and tempted buyers with rock-bottom fees for converting gas to liquid. But they lacked the deep pockets required to export LNG that gave established U.S. LNG producers a big edge.

A pivotal moment came in February 2016, when Shell agreed to purchase 1 million metric tons of LNG annually from Calcasieu Pass for 20 years, putting the project on the map and giving big banks confidence to provide financing.

Other companies followed: BP, Edison, Portugal's Galp, the Spanish refiner Repsol and the Polish state energy company PGNiG.

Some people inside Shell's trading arm saw Venture Global as a long shot, according to industry insiders. Senior executives, however, calculated that if Venture Global failed, Shell would have time to find that gas elsewhere—and if it succeeded, Shell would have access to the cheap LNG for two decades. Shell later quadrupled the amount it agreed to buy from Venture Global in total from its first two projects.

Shell and BP paid between 15% and 20% less than LNG deals with other exporters, according to data from the LNG consulting firm Poten & Partners.

As Venture Global gained momentum, Sabel and Pender dangled rich compensation packages and hired employees from rivals, as well as former U.S. government officials. By early 2021, Venture Global said it planned to start delivering cargoes to long-term buyers in the fall of 2022.



A gas-treating tower is positioned at Venture Global's Plaquemines facility.

War in Ukraine

In February 2022, Russia invaded Ukraine, rattling Europe. Gas prices skyrocketed as buyers rushed for replacements.

Less than a week later, Venture Global said it had loaded its first cargo at Calcasieu Pass, bound for Dunkirk, France. Its early customers made plans to line up LNG tankers to load cargoes from the plant.

Venture Global sold more LNG as the months passed. In March, it told its long-term buyers that serious malfunctions in the Calcasieu Pass power system would delay their contracted cargoes. After it extended that delay in June, BP and Shell went on the attack.

Sabel said customers knew from the beginning there would be an extended period to get the plant fully operational and the company would sell cargoes to others during that period before fulfilling long-term contracts.

“You get all-time low prices, we get to finish the facility,” he said. “We were fully transparent with them.”

BP and Shell said that isn’t true. The BP spokesman said Venture Global told the energy giant that it would be faster than competitors even considering the ramp-up, but that hasn’t happened.

“When the vast majority of your customers are pursuing some form of litigation against you, it’s time to look in the mirror,” the Shell spokesman said.

Ultimately, the two sides might need each other.

For Venture Global to reach the heights it is aiming for, it will need to get along with the world’s biggest LNG traders, said Tarek Hamid, a JPMorgan credit analyst who has recommended Venture Global’s bonds to investors.

“Long term,” he said, “it’s hard to imagine Venture Global operating at the scale it wants to operate...and not ultimately doing business with BP and Shell.”

Write to Benoît Morenne at benoit.morenne@wsj.com and Jenny Strasburg at jenny.strasburg@wsj.com

Appeared in the December 7, 2023, print edition as ‘Startup Feuds With Energy Giants Over Billions of Dollars in Gas Sales’.

Real Estate Insights

Content provided by  realtor.com



Lauren Sanchez Returns to Humble Childhood Home



Bethenny Frankel Lists \$6M Hamptons Mansion



Inside Aaron Hernandez’s Former Home



Ana de Armas Trades L.A. for \$7M Off-Grid Vermont ‘Cocoon’



10 Cities With the Biggest Boost in Buying Power as Rates Fell



See Billionaire Jerry Seinfeld’s Staggering Property Holdings